



PRESS RELEASE

Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

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Former Congressman Chaka Fattah Sentenced to 10 Years in Prison for Participating in Racketeering Conspiracy

Former Congressman Chaka Fattah Sr., 60, of Philadelphia, was sentenced to 120 months in prison for participating in a racketeering conspiracy involving several schemes intended to further his political and financial interests by misappropriating federal, charitable and campaign funds, among other things.

Assistant Attorney General Leslie R. Caldwell of the Justice Department's Criminal Division, U.S. Attorney Zane David Memeger of the Eastern District of Pennsylvania, Special Agent in Charge Michael Harpster of the FBI's Philadelphia Division and Chief Richard Weber of the Internal Revenue Service-Criminal Investigation (IRS-CI) Philadelphia Field Office made the announcement.

Fattah was sentenced by U.S. District Judge Harvey Bartle III of the Eastern District of Pennsylvania, who also ordered Fattah to pay \$600,000 in restitution and to forfeit \$14,500. On June 21, 2016, Fattah was convicted of participating in racketeering, bribery, wire fraud, honest services fraud and money laundering conspiracies, and for bribery, mail fraud and money laundering.

"Chaka Fattah represented his district in Congress for over 20 years," said Special Agent in Charge Harpster. "And, if not for his sheer greed and venality, probably could have kept his seat for 20 more. He's repeatedly deemed this case a 'witch hunt' against him by the government. But in truth, Mr. Fattah, today's sentence sends a clear message that the laws of the land apply to everyone, regardless of position or power," said Chief Weber. "Public officials who fail to faithfully discharge the duties of their office will be investigated, prosecuted and subjected to the full punishment of the law for their actions."

"Chaka Fattah was a long-serving and powerful member of the U.S. House of Representatives who was entrusted by his constituents with serving their best interests," said Assistant Attorney General Caldwell. "Instead, he perverted that trust and turned his office into a criminal organization designed to support his own political and financial interests."

"As a former congressman, Fattah conspired with his co-defendants in a series of schemes to use his position for personal gain at the expense of the public good," said U.S. Attorney Memeger. "We are pleased with today's outcome while also recognizing the tragedy of this defendant's fall from grace. We hope that the lengthy prison sentence imposed today deters

those public officials who might be tempted to engage in corruption, as our office remains committed to investigating and prosecuting public corruption at all levels of government.”

According to the evidence presented at trial, Fattah and certain associates borrowed \$1 million from a wealthy supporter for his failed 2007 campaign for mayor of Philadelphia, and disguised the funds as a loan to a consulting company. After he lost the election, Fattah returned \$400,000 of unused campaign funds to the donor and arranged for Educational Advancement Alliance (EAA), a non-profit entity founded and controlled by Fattah, to repay the remaining \$600,000 using charitable and federal grant funds that passed through two other companies, including one run by co-defendant Robert Brand. To conceal the contribution and repayment scheme, Fattah, his co-conspirators, and others created sham contracts and made false entries in accounting records, tax returns and campaign finance disclosure statements.

Following his election defeat, Fattah also sought to extinguish approximately \$130,000 in campaign debt owed to a political consultant by agreeing to arrange for the award of federal grant funds to the consultant. Fattah directed the consultant to apply for a \$15 million grant (which ultimately he did not receive) on behalf of a then-non-existent non-profit entity. In exchange for Fattah’s efforts to arrange the award, the consultant agreed to forgive the campaign debt.

In addition, Fattah misappropriated funds from his mayoral and congressional campaigns to repay his son’s student loan debt. To execute the scheme, Fattah arranged for his campaigns to make payments to a political consulting company, which the company used to make 34 successful loan payments on behalf of Fattah’s son, totaling approximately \$23,000, between 2007 and 2011.

Beginning in 2008, Fattah communicated with individuals in the legislative and executive branches in an effort to secure for co-defendant Herbert Vederman an ambassadorship or an appointment to the U.S. Trade Commission. In exchange, Vederman provided money and other items of value to Fattah. As part of this scheme, the defendants sought to conceal an \$18,000 bribe payment from Vederman to Fattah by disguising it as a payment for a sham car sale.

Fattah’s four co-defendants Vederman, Brand, Karen Nicholas and Bonnie Bowser were convicted alongside Fattah for charges in connection with the schemes on June 21, 2016. Judge Bartle also sentenced Vederman today to 24 months in prison and ordered him to pay a \$50,000 fine. Sentencing is set for Dec. 13, 2016 for Brand and Nicholas and Dec. 14, 2016 for Bowser.

The FBI and IRS-CI investigated the case with assistance from the Justice Department’s Office of the Inspector General, the NASA Office of Inspector General and the Department of Commerce’s Office of Inspector General. Trial Attorneys Eric L. Gibson and Jonathan Kravis of the Criminal Division’s Public Integrity Section and Assistant U.S. Attorney Paul L. Gray of the Eastern District of Pennsylvania are prosecuting the case.

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